

C. DUKES SCOTT
EXECUTIVE DIRECTOR

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DAN EARNETT
CHIEF OF STAFF

175314

August 22, 2005

VIA HAND DELIVERY

Mr. Charles L.A. Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, SC 29210

Re: Application of Ashley Oaks Water Systems, Incorporated for Approval of
an Adjustment in Rates and Charges for Water Services
Docket No. 2005-235-W/S

Dear Mr. Terreni:

For your docket, please find enclosed a copy of the Office of Regulatory Staff's First Continuing Data Request which was served on the representative for Ashley Oaks Water Systems, Inc. Also, if you would please date stamp the extra copy and return it to me via our courier.

Please let me know if you have any questions.

Sincerely,

C. L. Hammonds
C. Lessie Hammonds

RECEIVED

AUG 23 2005

PSC SC
DOCKETING DEPT.

CLH/rmg
Enclosures

cc: Lyn Richards (w/enclosure)

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2005- 235 -W

IN RE: Application of Ashley Oaks)
Water System, Inc. for)
Approval of New Schedule of)
Rates and Charges for Water)
and Sewerage Service Provided)
to its Customers.)
_____)

CERTIFICATE OF SERVICE

This is to certify that I, Rena Grant, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the **First Continuing Data Request** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

VIA CERTIFIED MAIL

Lyn Richards, CPA
121 Executive Center Drive, Suite 243
Columbia, SC 29210



Rena N. Grant

August 22, 2005
Columbia, South Carolina

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2005- 235 -W

IN RE: Application of Ashley Oaks)	
Water System, Inc. for)	
Approval of New Schedule of)	
Rates and Charges for Water)	OFFICE OF REGULATORY
and Sewerage Service Provided)	STAFF'S FIRST CONTINUING
to its Customers.)	DATA REQUEST
_____)	

TO: Lyn Richards, CPA for Ashley Oaks Water System, Incorporated

INSTRUCTIONS

The Office of Regulatory Staff hereby requests, pursuant to 26 S.C. Code Regs. 103-853 (Supp. 2003), that the Applicant answer, and serve upon the undersigned, the following data request in writing and under oath within ten (10) days after service of this data request at the Office of Regulatory Staff, 1441 Main Street, Suite 300, Columbia, South Carolina, 29201. If you are unable to respond to any of the data requests, or part or parts thereof, please specify the reason for your inability to respond and state what other knowledge or information you have concerning the unanswered portion.

As used in these data requests, "identify" means, when asked to identify a person or an entity, to provide the full name, title, and current address and telephone number. When asked to identify a document, "identify" means to provide a full and detailed description of the document and the name and address of the person who has custody of the document. In lieu of providing a full and detailed description of a document, you may attach to your responses a copy of the document and identify the person who has custody of it. When the word "document" is used herein, it means any written, printed, typed, graphic, photographic, or

electronic matter of any kind or nature and includes, but is not limited to, statements, contracts, agreements, reports, opinions, graphs, books, records, letters, correspondence, notes, notebooks, minutes, diaries, memoranda, transcripts, photographs, pictures, photomicrographs, prints, negatives, motion pictures, sketches, drawings, publications, and tape recordings. As used in this data request, "address" means mailing address and business address.

Wherever in this data request a masculine pronoun or possessive adjective appears, it refers to both males and females in accordance with traditional English usage.

IT IS HEREIN REQUESTED:

- A. That all information shall be provided to the undersigned in the format as requested.
- B. That all responses to the requests below be labeled using the same numbers as used herein.
- C. That each of the enumerated data requests be reproduced at the beginning of each of the responses.
- D. That if the requested information is found in other places or in other exhibits, reference not be made to those, but instead, that the information be reproduced and placed in the data request in the appropriate sequence.
- E. That any inquiries or communications relating to questions concerning clarifications of the data requested below be directed to the undersigned.
- F. That all exhibits be reduced to 8 ½" x 11" format, where practical.
- G. That the requested information be bound in ring binders (loose leaf notebooks) or otherwise suitably bound.
- H. That in addition to the signature and verification at the close of the Applicant's responses, the Applicant witness(es) or employee(s) responsible for the information contained in each response be indicated.

- I. That the Applicant provide to the Office of Regulatory Staff two copies of the responses to this data request as soon as possible but no later than ten (10) days after service thereof.
- J. If the response to any data request is that the information requested is not currently available, please state when the information requested will be available.
- K. This data request shall be deemed to be continuing so as to require the Applicant to supplement or amend its responses as any additional information becomes available.

QUESTIONS

- 1.1 Identify the names and business titles of all people who provided information for the preparation of the Application.
- 1.2 Identify the names and business titles of all people who provided information for the preparation of the Application exhibits. Indicate who calculated the numbers for each exhibit and list the appropriate exhibit next to the individual's name.
- 1.3 Identify any construction and/or upgrades proposed for or taking place at facilities operated by Ashley Oaks Water System, Inc. ("AOWS").
- 1.4 Identify any subsidiary, parent and affiliated companies of AOWS and state which entities, if any, are regulated by the Public Service Commission of South Carolina.
- 1.5 Identify all related party transactions during the test year. Related party transactions include all transactions between AOWS and employees, officers, affiliated companies, parent company, subsidiaries and their employees, or officers thereof.
- 1.6 Identify all businesses that share the same office space as AOWS.
- 1.7 List all real estate and land rights owned by AOWS. If applicable, state the date of the purchases or acquisitions, the purchase price, and the location of the real estate and the physical areas to which any land rights apply.
- 1.8 Provide a detailed listing of the number of residential and commercial customers as of January 1, 2004, December 31, 2004 and August 1, 2005. Provide a detailed breakdown by customer classification and service type.

- 1.9 Identify employees and officers employed at December 31, 2003, and 2004, including their position, date of hire, salary, bonuses, hours worked per week, exempt/non-exempt status, and duties.
- 1.10 State AOWS's practices and procedures for employee and officer bonuses.
- 1.11 Provide any written guidelines for inspecting systems and/or performing maintenance on AOWS systems.
- 1.12 Provide the name(s) of the certified water operator(s) and their S.C. operators license number.
- 1.13 Describe all outstanding documented violations by DHEC, if any. If applicable, provide a copy of all documentation from DHEC that discusses the violations along with all responses from AOWS.
- 1.14 Provide details and documentation regarding any DHEC fines. If AOWS is subject to payment of DHEC fines, provide the following information:
 1. Provide a copy of all DHEC consent orders, notices of violation, and/or administrative orders that resulted in a fine.
 2. Identify the violation or reason for fine.
 3. Identify when the fine was levied.
 4. Identify the amount of the fine.
- 1.15 If AOWS has been impacted monetarily by DHEC fines or violations, state where the impact is illustrated in AOWS's financial statements.
- 1.16 Provide a copy of the complete customer complaint log detailing all recorded customer service and billing complaints for the drinking water systems during the test year ending December 31, 2004.
- 1.17 Subsequent to the last rate case, has AOWS had a change in ownership, a change in stock holdings or any change in its ownership structure? If so, set forth and describe the prior ownership arrangement and the current ownership arrangement.
- 1.18 Provide a copy of the certificate of deposit as referenced in the Application. Identify the dollar amount of the certificate of deposit.
- 1.19 Are there any outstanding loan agreements involving AOWS? If so, for each loan:
 - a. State whether the loan is approved and finalized.
 - b. State whether AOWS is in receipt of funds from the loan agreement.
 - c. Provide the loan amount.
 - d. Provide the interest rate.
 - e. Provide the loan period in months.

- f. State the lender.
 - g. State the use or planned use of the loan.
 - h. Provide a copy of each loan agreement, its applicable amortization schedule, and any other relevant documentation.
- 1.20 List by year and by customer classification the total number of bills issued to customers during the years 2002, 2003, and 2004.
 - 1.21 State whether AOWS operates on a calendar or fiscal year. If AOWS operates on a fiscal year, please state during which month the fiscal year begins and ends.
 - 1.22 Provide a copy of all contracts AOWS has with bulk water providers.
 - 1.23 Provide all water consumption data for the test-year ending December 31, 2004, including gallons billed by customer account and test-year month.
 - 1.24 If AOWS charges its customers a deposit for services, provide the amount of accrued interest on customer deposits as of January 1, 2004 and December 31, 2004.
 - 1.25 Provide the amount of water pumped, purchased, and sold by AOWS for the twelve months ended December 31, 2002, 2003 and 2004.
 - 1.26 Provide the total number of unsold land parcels included in the AOWS service area.
 - 1.27 Provide the total number of sold land parcels with constructed residential homes completed.
 - 1.28 Provide the total number of taps authorized by SC DHEC for the service area.
 - 1.29 Provide the status and copies of all documents relating to future interconnection with a municipal water source as referenced in the SC DHEC Sanitary Survey for Water System 4050030.
 - 1.30 Provide all calculations to support Schedule A-4, Schedule E-1 and Schedule E-2.
 - 1.31 Identify how the System Development Charge (Workpaper 2) of \$5.00 will be used. Provide details as to how this System Development Charge was calculated and how the escrow accounts will be managed by AOWS.
 - 1.32 Identify how the DHEC Monitoring Fee of \$30.00/year will be used. Provide details as to how the DHEC Monitoring Fee was calculated.

- 1.33 How has AOWS proposed to deal with the capacity and water pressure problems that have been identified by DHEC and customers of AOWS? What will be the cost of the proposed solution? Is the cost covered by this rate increase? What is the timeframe for addressing the capacity and water pressure problem?
- 1.34 List the names and business titles of all people who provided information for preparation of the Application and Exhibits.
- 1.35 Are there any salaries or wages included in expenses on the Application? If so, identify where they are recorded, who they are for and the amounts.
- 1.36 Provide the complete General Ledger for the 2004 test year for Ashley Oaks Water System, Inc.
- 1.37 Provide the 2002, 2003 and 2004 Working Trial Balances for Ashley Oaks Water System, Inc.
- 1.38 Provide all work papers, documents, plats, maps, recordings or other items used to prepare the Application and its attached Exhibits.
- 1.39 Provide all federal and state income tax returns signed and filed by Ashley Oaks Water System, Inc. for tax years 2002, 2003 and 2004. This request includes all supporting schedules and documents, such as 1099s and the like, whether filed or not.
- 1.40 Provide detailed work papers for all proposed accounting and pro forma adjustments for revenues and expenses.
- 1.41 Provide detailed work papers on how the \$48,067 Rate Base/Average Operating Revenues figure was calculated.
- 1.42 Please provide a schedule detailing rate case expenses to date.
- 1.43 Provide information on the following:
 - a. How many taps have been connected to the systems owned by Ashley Oaks Water System, Inc. from inception of the system to the present?
 - b. How much revenue from tap fees has been collected from customers from the inception of the system to the present?
 - c. What is the maximum number of taps that can be installed on the present system?
 - d. How many taps do you anticipate installing over the next five years?
 - e. What were the total costs expensed for taps from inception of the system to the present?
- 1.44 What is the dollar threshold for Ashley Oaks Water System, Inc.'s capitalization policy?

- 1.45 Provide the support for the amounts on Schedule A-3 for Capital Structure and Rate of Return. How was the Total Debt and Equity of \$70,000 determined? How was the 50/50 ratio for the Capital Structure determined?
- 1.46 Provide a detailed breakdown for Administration Costs for billing, collections, payables, banking and DHEC oversight which totals \$17,031 as shown on Schedule A-2.

August 22, 2005



Benjamin P. Mustian, Esquire
C. Lessie Hammonds, Esquire
Office of Regulatory Staff
P.O. Box 11263
Columbia, South Carolina 29211